

## SLOVAKIA

Capital: Bratislava

GDP per capita (PPP): \$10,200 (2000 est.)

Population: 5,414,937 (July 2001 est.)

Foreign Direct Investment: \$1,500,000,000

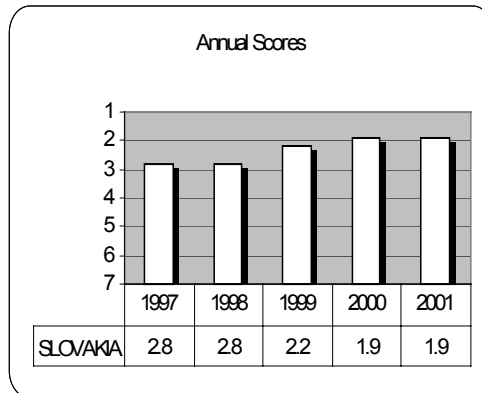
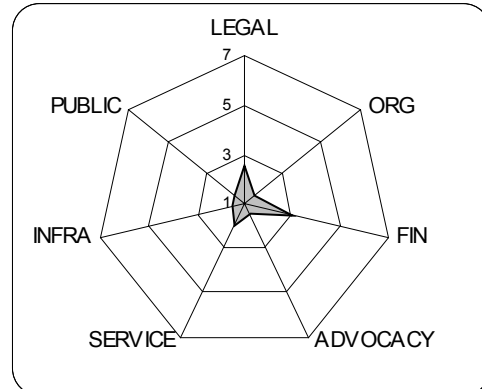
Inflation: 12.2% (2000 est.)

Unemployment: 17% (2000 est.)

**OVERALL RANKING: 1.9**

NGOs are gaining acceptance as agents of change in Slovak society. Of the 16,849 NGOs registered in Slovakia, the most common type are civic associations, which represent 95% of the total, followed by foundations (3%), non-investment funds (2%), and non-profits (0.6%). NGOs operate in all regions of the country, but are more numerous and more active in urban areas. Despite its growing size and activity, the third sector accounts for only 1% of total employment in Slovakia.

NGOs are active in a broad spectrum of issues, including government decentralization and regional development, as well as EU accession and NATO integration. Slovak law makes it difficult for NGOs to compete for government service provision contracts. NGO financial resources are limited, but public funding may soon be available if the recently passed "1% Law" is successful and if privatization proceeds are allocated to an endowment that benefits NGOs.

**LEGAL ENVIRONMENT: 2.5**

Freedom of association is constitutionally guaranteed in Slovakia, but this right does not extend to political parties, religious organizations, or businesses. Laws also regulate professional and non-professional associations, the Slovak Red Cross, Matica Slovenská, hunting and fishing associations, and international organizations. The legal system does not specifically define non-profit entities or non-governmental organizations, nor is there a law that lays out the framework of

their activities and relations with other legal entities. The recently passed "Transformation Law," which regulates the transformation of state institutions into non-profits, and the "1% Law," an amendment to the Income Tax Law enabling citizens to donate 1% of their income tax to NGOs, will have direct implications for the strength of the sector. The Free Access to Information law, passed in January, was the result of a campaign led by a small coalition of NGOs and has

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become a tool for citizens to monitor public spending.

NGOs continue to push for improved tax conditions and better exemptions and

deductions. Non-profit organizations are income tax exempt, but subject to value added taxes, import duties, and wage taxes. Laws on business activities of NGOs tend to be vague.

### ORGANIZATIONAL CAPACITY: 1.5

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Most NGOs operate with part-time staff or volunteers. Leading NGOs usually have clearly defined mission statements in their charters, and incorporate strategic planning techniques in their decision-making processes. Smaller NGOs tend to act more-or-less spontaneously, with defined short-term goals, rather than a strategic mission statement to guide their planning and development.

The NGO sector has a sophisticated internal structure, with numerous umbrella and service organizations, and a variety of both formal and informal platforms to respond to different NGO needs and reflect various societal issues. These groups usually have paid staff in the form of at least one coordinator.

Most leading NGOs and major foundations recognize the need for a division of responsibilities between the board of di-

rectors, executive management, and the staff, but sound governance is not deeply rooted in the organizational culture of most Slovak NGOs. Also, greater attention is being paid to recruiting and effectively managing volunteers, including incentives such as awards for outstanding volunteers. NGOs are increasingly devoting greater attention to transparency in their work. In keeping with the ethical codes developed for the sector, annual reports are becoming an important tool for presenting activities and disclosing sources of income and spending.

NGOs continue to be engaged in international activities and programs. Regional and cross-border cooperation, especially within Visegrad countries, is increasing. Slovak NGOs also continue to share their experience with countries going through similar developments.

### FINANCIAL VIABILITY: 3.0

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As in other Central and Eastern European countries, non-profits in Slovakia have been financed by diverse sources, though many are primarily dependent on foreign sources of financial support. Section 48 of the Tax Law now enables taxpayers to donate 1% of their income tax to the support of public interest activities. This new law is expected to encourage the development of a culture of philanthropy. Inspired by the Czech model, a group of Slovak NGOs has also started a dialogue with decision-makers about using privatization revenue to support civil

society, by allocating privatization proceeds in the form of endowments. Such endowments would create a stable source of funds for the third sector.

In 2000, the International Visegrad Fund was created to promote regional cooperation among Visegrad (Northern Tier) countries by supporting the development of common cultural, scientific, and educational projects; exchanges between young people; and examples of cross-border cooperation. All member states contribute to the Fund equally.

In 2001, the Ministry of Foreign Affairs earmarked 13 million SKK (\$270,000) for NGO projects to raise public awareness about NATO membership. The Donors' Forum, an association of major grant-makers that focuses on streamlining grant distribution and boosting NGO financial support, is now registered to provide professional services to the donor community.

Voluntary contributions continue to play a role in sector funding. Notable efforts include the Children's Foundation of Slovakia, which collected nearly 13.5 million

SKK (\$278,000) from over 200,000 individuals. Slovak charities also raise money to support charitable causes outside of Slovakia. For example, the Movement of Christian Children's Societies raised nearly 8.5 million SKK (\$175,000) for developmental projects in Africa.

Continuing dependency on foreign funding is one of the major constraints to the financial viability of the NGO sector. Only five foundations in Slovakia have endowments over 1 million SKK (\$20,500) and only three have endowments of 10 million SKK (\$205,000) or more.

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### ADVOCACY: 1.5

Over the past year, Slovak NGOs continued to build their capacity to mobilize individuals and participate in public policy debates. They have proven to be adept at forming issue-based alliances. For example, the Council of Government, which consists of representatives of NGOs and government institutions, continues to advise the Government with respect to NGO legislation, status, and financing. NGO representatives have been invited to become members of a variety of forums, committees, and roundtables formed by government institutions. NGO advocacy efforts are particularly strong with regard to decentralization and regional development is-

suues, as well as EU accession and NATO integration. Advocacy campaigns continue to be a major focus of NGO umbrella groups and intersectoral forums such as the Gremium of the Third Sector and its associated regional gremia, Ecoforum, the Donors' Forum, and the Rural Parliament.

NGOs often create small coalitions to lobby for legislative changes and had some major successes in 2001, including a new law on waste, highway construction, the establishment of the Office of the Ombudsman, and a broadly supported campaign against racial discrimination.

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### SERVICE PROVISION: 2.0

NGOs in Slovakia offer a wide variety of services. The NGO sector is often called upon to fill the gap in services no longer provided by state institutions, or where the quality of state services is low. In fact, NGOs are often able to provide high quality services at lower cost than state institutions.

The sector is increasingly seen as a reliable source of expertise in environmental protection, regional development, education, and social services. NGO specialists have participated in creating and amending legislation, developing public information and education campaigns, and facilitating public discussions on a variety of issues. NGO

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experts have been appointed by the Government to perform public sector audits, which have in turn been used to push for reforms to streamline public administration. NGO representatives have assisted the Government in public education campaigns about various EU and NATO integration issues. NGOs

have produced a wide variety of issue-related papers and studies, produced television programs, organized polls, and monitored mass media. They provide educational services, such as training seminars and consultations on regional development and pre-accession EU funds.

### **INFRASTRUCTURE: 1.5**

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The NGO sector has become increasingly professional due to the creation of associations like the Gremium of the Third Sector (G3S) and its associated regional gremia. Additionally, the activities of the Donors' Forum are aimed at improving communication and cooperation in grant making among its members. Umbrella organizations, such as the Youth Council, the Slovak Humanitarian Council, the Slovak Catholic Charity, among others, play an important role in promoting member interests, offering their members training opportunities, and disseminating information.

Several well-established NGOs continue to provide a broad scope of services to other, more nascent NGOs, including information sharing, capacity building, and networking. NGO development, training, and consulting services are

also provided by the Slovak Academic Information Agency – Service Center for the Third Sector (SAIA-SCTS), which has decentralized its structure to meet the needs of local clients. More recently established organizations include the Center for Education of Non-profit Organizations (CVNO), which is working in cooperation with the University of Matej Bel to open a distance learning class on NGO Management. The first Slovak Non-profit Service Center has created a network of advisory centers throughout Slovakia, and now publishes information on taxes, legislation and accounting on its website. Specialized publications and geographic databases designed to “map” segments of the NGO community in Slovakia are now available from the Information Center of the Forum Institute and InfoRoma Foundation.

### **PUBLIC IMAGE: 1.5**

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The third sector is becoming more widely accepted as a component of a healthy society, due largely to its humanitarian work, public advocacy, and community mobilization activities in political, economic, and judicial reform. According to research conducted by the FOCUS agency in March 2001, the public now has a generally positive perception of NGOs. The research indicates that citizens consider NGOs working in the areas of health, social care, and

education as the most “useful.”

Government is generally open to NGO input and consultation in a variety of fields, particularly environmental protection, regional development, education, and social affairs.

Media treatment of the third sector has varied. There has been significant and positive coverage of NGO legislative activities and campaigns on public admini

stration reform, as well as on charitable fundraising for refugees, victims of floods, children in Africa, oncology patients, abused children and women, ill-treated animals, etc. A number of successful NGOs now even use advertising agencies in their media campaigns.

Most NGOs publish annual reports, and the sector has adopted an ethical code that has improved transparency and boosted the sector's image and public

stature.

Publicity about the misuse of funds by certain NGOs continues to affect the image of the sector as a whole, but NGOs are generally perceived in a positive light, and are often believed to be more capable than they in fact are. This creates an expectation gap that may eventually weaken the sector's image.